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THE SHEEP AND LAMB SITUATION

Summary

The number of sheep and lambs on feed for market in the principal feeding States on January 1 totaled about 5,700,000 head, 5 percent smaller than a year earlier but somewhat larger than the average for the 5 years 1933-37, the Bureau of Agricultural Economics reports. The indicated decrease from a year earlier was 4 percent in the Corn Belt States and 6 percent in the Western Sheep States.

Slaughter supplies of sheep and lambs during the remainder of the fed-lamb marketing season (through April) are expected to be smaller than in the corresponding period last year, when such supplies were of near record proportions. Not only will supplies of fed lambs be smaller, but it is probable that supplies of grass-fat yearling lambs and of early spring lambs in Texas also will be smaller, unless further rains bring much needed improvement in grazing conditions in that State. Drought in Texas was somewhat relieved by rains in late December and early January, but conditions there are still rather unfavorable for sheep and lamb production.

Consumer income and the demand for meats in early January were stronger than at the same time last year, reflecting the improvement in business activity since last summer. Present indications are that demand will be well maintained during the first half of 1939, with some further improvement not unlikely.

REVIEW OF RECENT DEVELOPMENTS

Lamb prices higher than year earlier

Prices of slaughter lambs at the beginning of the fed-lamb marketing season in early December were slightly higher than those of the corresponding period a year earlier. Lamb prices fluctuated to some extent in December and early January, but did not change greatly during this period. For the week ended January 7, prices of good and choice slaughter lambs at Chicago averaged about \$8.90 per 100 pounds, approximately 50 cents higher than a year earlier. Consumer demand for meats was stronger and slaughter supplies of sheep and lambs were smaller than at the same time last year.

A year ago, lamb prices declined sharply during December and January, largely because of the marked weakness in the demand for meats. Since midsummer last year, however, consumer income and the demand for meats have strengthened considerably, reflecting the improvement in business activity.

Slaughter supplies reduced in December

Slaughter supplies of sheep and lambs decreased seasonally from late October through November. And in December, inspected slaughter totaled only 1,347,000 head, 7 percent less than in November and 4 percent less than in December 1937. December was the first month in the current marketing year (May-April) in which slaughter was smaller than that of a year earlier.

The lamb crop in 1938 was 5 percent larger than that of 1937 and was the largest on record. And inspected slaughter of sheep and lambs during the grass-lamb marketing season (May-November) was 7 percent larger than in the corresponding period of 1937.

Fewer sheep and lambs on feed than year earlier

The number of sheep and lambs on feed January 1 in the principal feeding States was about 5 percent smaller than the number on feed January 1 last year. The estimated number on feed at the beginning of this year was 5,700,000 head compared with 5,997,000 head, the revised estimate for January 1, 1938, and with 5,558,000 head the 5-year (1933-37) average.

The number on feed this year was smaller than last in both the Corn Belt and Western States. In the Corn Belt, the estimated number on feed January 1 was 3,087,000 head, compared with 3,207,000 head a year earlier, a decrease of about 4 percent. The number on feed in the Eastern Corn Belt was down from last year by 130,000 head. The number on feed in the Western Corn Belt was a little larger at the beginning of this year than last, with increases in Missouri and Kansas more than offsetting decreases in South Dakota and Nebraska, and with no change in Iowa and Minnesota. The decrease in Nebraska was a result of the decrease in the Scottsbluff area, where the number was down about 75,000 head; the number on feed increased in other areas of Nebraska. The increase in Kansas occurred in

the number on wheat pastures, but because of the heavy movement from these pastures in late December the actual number remaining in the State on January 1 was somewhat uncertain.

The estimated number of sheep and lambs on feed January 1 in the Western States (including North Dakota, Texas and Oklahoma) was 2,568,000 compared with 2,740,000 on January 1 last year, a decrease of about 6 percent. The largest decreases were in Colorado and Utah. Of the other important western feeding States, Montana, Wyoming and California had larger numbers on feed this year than last, while Idaho, Oregon and Texas had smaller numbers.

As was the case a year ago, a much larger-than-usual proportion of the lambs on feed January 1 were Texas lambs. The number of Texas lambs billed to points outside of Texas other than public stockyards during the last half of 1938 totaled nearly 200,000 head more than in the last half of 1937, and was much the largest on record. Shipments of feeder lambs from stockyards into the Corn Belt in December this year were considerably larger than in December 1937, and the total movement for the 6 months July through December was about 2 percent larger this year than last.

Sheep and lambs on feed, by States, January 1, 1935-1939 1/

State	1935	1936	1937	1938	1939
	Thousands	Thousands	Thousands	Thousands	Thousands
N.Y.	50	50	50	50	45
Ohio	280	285	300	345	324
Ind.	170	225	230	295	206
Ill.	301	267	260	290	295
Mich.	150	240	260	286	257
Wis.	81	90	78	78	82
Minn.	350	260	340	285	285
Iowa	750	460	340	470	470
Mo.	110	140	115	120	144
S. Dak.	130	225	130	193	183
Nebr.	530	780	450	585	555
Kans.	460	220	215	260	286
Total Corn Belt	3,312	3,192	2,718	3,207	3,087
N. Dak.	30	105	70	70	63
Okla.	175	45	55	85	98
Tex.	60	125	170	220	210
Mont.	155	135	150	190	200
Idaho	200	170	285	225	210
Wyo.	155	180	250	238	245
Colo.	1,085	1,250	1,030	1,185	1,090
N. Mex.	38	39	66	70	65
Ariz.	22	15	15	10	9
Utah	83	120	295	240	144
Nev.	11	13	20	7	12
Wash.	54	32	51	35	41
Oreg.	75	45	100	75	60
Calif.	106	115	212	90	121
Total Western	2,249	2,389	2,769	2,740	2,568
Total U.S.	5,611	5,631	5,537	5,997	5,700

1/ Includes sheep and lambs on feed in commercial feed lots.

Condition of western sheep good to excellent except in Texas

The condition of sheep at the beginning of 1939 was good to excellent over most of the western sheep area, except in Texas. In the main sheep area of Texas, the shortage of old feed and the lack of new feed resulting from drought conditions - somewhat relieved by rains in late December and early January - were reflected in the condition of the sheep, despite the rather general feeding of concentrates.

Weather and feed conditions in the late lambing areas of the Western States during the breeding season were generally favorable. Ewes in the early lambing areas are in good condition. November and December lambs in California are making a good start, with green feed supplies generally available; but early winter lambs in Texas are not doing well. Lambs in western feed lots made good gains during December.

OUTLOOK

Slaughter supplies smaller, demand stronger than a year earlier

In view of the smaller number of sheep and lambs on feed January 1 this year than last, total slaughter of sheep and lambs during the remainder of the fed-lamb marketing season (through April) is likely to be somewhat smaller than a year earlier, when such slaughter was of near record proportion. In addition to the decrease in marketings of fed lambs, some decrease in marketings of grass-fat yearling lambs and early spring lambs from Texas also is likely, unless the feed situation in Texas is materially improved by rainfall during the next 2 months.

Lamb marketings after May 1 will depend largely on the outturn of the spring lamb crop. Although conditions in early January were favorable for the spring lamb crop in most States, it is not probable that conditions throughout the winter and early spring will remain as generally favorable as they were last year, when the total lamb crop was the largest on record. Conditions now are unfavorable for the early spring lamb crop in Texas. If grazing conditions improve in that State by early spring, however, it is possible that the number of grass-fat shorn yearling lambs marketed from Texas during the spring may be as large as or larger than the number marketed a year earlier.

Smaller slaughter supplies of sheep and lambs during the next 2 or 3 months than those of a year earlier will be a factor tending to support prices of fed lambs. Consumer demand for meats also will be stronger during this period than a year earlier. Last year, consumer demand weakened throughout the winter and spring months, reflecting the downward trend in business activity and in consumer incomes. Since midsummer last year, the trend in business activity in this country has been generally upward. And in early January consumer incomes and the demand for meats were stronger than in early January last year. Present indications are that income and the demand for meats will be well maintained during the first half of 1939, with some further improvement not unlikely.

WOOL SITUATION 1/

Following some weakness in prices in December, an increase in wool sales at Boston was accompanied by higher prices for many grades of domestic wool in the first week of January. The decline in prices in the domestic market in December was accompanied by declines in foreign markets, and the spread between Boston and London prices for December showed little change from the previous month. The United States average price received by farmers for wool on December 15 was 20.2 cents a pound compared with 20.5 cents on November 15 and 23.6 cents on December 15, 1937.

The weekly average rate of mill consumption of apparel wool in the United States in November was about 20 percent higher than in October and was the highest for any month since March 1937. Because of the low rate of consumption in the early months of the year, consumption on a scoured basis for the first 11 months of 1938 was 20 percent smaller than in the same months of 1937. Mill sales of men's wear fabrics for the spring season are reported to be much larger than a year earlier, and mill activity is expected to continue at a relatively high level in the early months of 1939.

In view of the continued improvement in domestic mill consumption it appears rather certain that stocks of raw wool in the United States at the opening of the 1939 season in April will be smaller than a year earlier. A considerable quantity of domestic wool held at the present time is covered by Federal Government loans.

On December 1, apparent supplies of wool in the five principal exporting countries of the Southern Hemisphere were estimated to be about 2 percent smaller than a year earlier and also 2 percent smaller than the December 1 average supplies in the 5 years 1932-36. The relatively large carry-over into the current season in the Southern Hemisphere has been offset by the decline in production in Australia and by larger exports. Mill consumption has improved in some European countries in recent months, and the outlook for disposal of the current clip in the Southern Hemisphere is more favorable than at the beginning of the season in July.

1/ From the January issue of the Demand and Price Situation. For a more detailed discussion see the January issue of the Wool Situation, copies of which may be obtained from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Price per 100 pounds of sheep and lambs, by months,
October-December, 1936-38

Item	1936			1937			1938		
	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago:									
Good and choice	8.68	8.90	8.87	10.08	9.46	8.70	8.24	8.84	9.02
Common and medium	6.94	7.15	7.26	8.34	7.86	6.98	6.42	6.76	6.92
Slaughter ewes, Chicago:									
Good and choice	3.40	3.73	4.10	4.09	3.99	3.85	3.36	3.81	4.06
Common and medium	2.12	2.46	2.78	3.09	2.84	2.97	2.48	2.80	2.91
Feeding lambs, Omaha:									
Good and choice	7.12	7.06	7.14	9.13	3.70	7.95	7.37	7.84	8.07
Average price paid by packers:									
Sheep and lambs	7.75	7.92	8.19	8.74	8.55	8.18	7.28	7.90	
Average price received by farmers:									
Sheep	3.52	3.52	3.85	4.30	3.95	3.06	3.36	3.53	3.69
Lambs	7.25	7.23	7.26	8.42	7.87	7.48	6.37	6.82	7.08
Lamb, New York:									
Wholesale carcass: <u>1/</u>									
Choice	16.71	15.95	14.20	19.95	20.08	19.58	16.82	18.18	17.91
Good	15.92	15.05	13.27	18.95	13.97	18.55	16.10	17.49	17.19
Medium	14.99	14.21	12.20	17.86	17.77	17.19	14.38	15.60	15.16
Pulled wool, Boston: <u>2/</u>									
Choice AA	92.5	99.4	107.6	96.5	88.9	79.9	78.5	82.7	79.2
Choice White B	76.2	83.1	95.1	79.2	71.9	61.5	62.1	64.9	62.0
Sheep pelts, packers									
shearlings, No.1, Chicago,									
each <u>3/</u>	1.03	1.02	1.32	1.24	0.94	0.68	0.65	0.73	0.72

1/ For choice and good, 38 pounds down; for medium, 38 pounds down in 1936 and 1937, and all weights in 1938.

2/ Cents per pound.

3/ Bureau of Labor Statistics.

Supplies of sheep and lambs, specified periods

Item	Unit	Year			Month				
		Average	1937	1938	Dec.	Dec.	Nov.	Dec.	
		1924-33			average	1937	1938	1938	
					1924-33				
Sheep and lambs:									
Number slaughtered									
under Federal	Thou-	14,737	17,270	18,060	1,202	1,403	1,453	1,347	
inspection <u>1/</u>	sands								
Receipts at seven									
markets <u>2/</u>	do	<u>3/</u> 15,241	11,470	11,783	<u>3/</u> 1,060	717	814	718	

1/ Bureau of Animal Industry.

Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City, and St. Paul.

5/ Average 1929-33.

